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OUTGOING
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INFO: BL (01) PE (01) CO (02) VE (02) PDAS (01) EC (01) ARA (01)
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R 250829Z JUN 98
FM SECSTATE WASHDC
TO AMEMBASSY BOGOTA
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AMEMBASSY LIMA
AMEMBASSY QUITO

UNCLAS STATE 114430

OFFICIAL INFORMAL SENSITIVE

E.O. 12958: N/A

TAGS: AMGT, BL, CO, PE, EC, VE

SUBJECT: OFFICIAL INFORMAL

FOR AMBASSADOR OCM - POL - ECON

FOLLOWING IS THE ASDAR FOR JUNE 18, 1998

SENSITIVE BUT UNCLASSIFIED PROTECTED ACCORDINGLY

1. (SBU) PERU: FUJIMORI TO VISIT NEW YORK. THE PERUVIAN
EMBASSY TOLD US PRES FUJIMORI WILL VISIT NYC (BUT NOT
WASHINGTON) JUNE 25-26 FOR A WORLD BANK "MICROCREDIT SUMMIT."2. (U) VENEZUELA: HUGO CHAVEZ RECEIVES SOCIALIST PARTY
SUPPORT. THE LEFT-LEANING SOCIALIST MOVEMENT (MAS) SELECTED
HUGO CHAVEZ AS ITS PRESIDENTIAL CANDIDATE FOR DECEMBER'S
ELECTIONS. SOME MAS LEADERS DO NOT SUPPORT THE DECISION AND
REFUSE TO WORK ON HIS BEHALF, INCLUDING PLANNING MINISTER
TEODORO PETKOFF, WHO FEARS CHAVEZ'S RADICAL POPULIST AND
NATIONALIST PLATFORM WILL WORSEN VENEZUELA'S ECONOMICSITUATION. CHAVEZ'S SUPPORT HAS REACHED AS HIGH AS 30% IN
RECENT POLLS WHILE SUPPORT FOR SECOND PLACE IRENE SAEZ HAS
DROPPED TO 18%.3. (U) VENEZUELA: GOV PLANS FOR PROLONGED LOW OIL PRICES.
IN REACTION TO THE LOWEST OIL PRICES IN 9 YEARS, THE GOV
(WHICH DERIVES 60% OF ITS INCOME FROM OIL) HAS STEPPED UP
EFFORTS TO STABILIZE ITS REVENUES. AUSTERITY MEASURES,
CUTBACKS ON TAX EVASION & EFFORTS TO DIVERSIFY THE ECONOMY
ARE UNDER CONSIDERATION AS WAYS TO PREVENT A CRISIS. LAST
WEEK, THE RIYADH PACT (SAUDI ARABIA, MEXICO & VENEZUELA)
AGREED TO REDUCE WORLD OIL STOCKS FROM 50 TO 30 DAYS
SUPPLY, BEGINNING IN JULY. THE COALITION'S LAST EFFORTFAILED TO SLOW PRICE DROPS OR ALLEVIATE VENEZUELA'S
ECONOMIC SLUMP.UNITED STATES DEPARTMENT OF STATE
REVIEW AUTHORITY: ADOLPH H EISNER
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